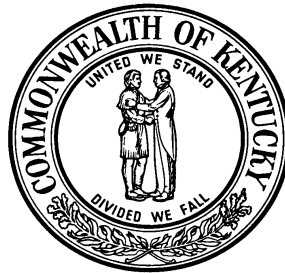


**REPORT OF THE AUDIT OF THE
MADISON COUNTY
SHERIFF**

**For The Year Ended
December 31, 2014**



**ADAM H. EDELEN
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE MADISON COUNTY SHERIFF

**For The Year Ended
December 31, 2014**

The Auditor of Public Accounts has completed the Madison County Sheriff's audit for the year ended December 31, 2014. Based upon the audit work performed, the financial statements present fairly, in all material respects, the receipts, and disbursements of the Sheriff and the receipts, disbursements, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer in conformity with the regulatory basis of accounting.

Financial Condition:

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected are deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected are deposited to the county government fund and paid quarterly to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

The Madison County Sheriff had total receipts of \$2,913,693, which was a \$1,407,981 increase from the prior period (May 21, 2013 Through December 31, 2013). Except for reimbursed expenses in the amount of \$1,184,417, the Sheriff paid 25% of receipts to the Madison County Fiscal Court in the amount of \$427,432. This was an increase of \$120,587 from the prior period (May 21, 2013 Through December 31, 2013). In addition, 75% disbursements increased by \$1,028,807.

Report Comment:

2014-001 The Sheriff's 75% Fund Had A Deficit Balance Of \$802,117 At The End Of The Sheriff's Term

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

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ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Reagan Taylor, Madison County Judge/Executive
The Honorable Mike Coyle, Madison County Sheriff
Members of the Madison County Fiscal Court

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying statement of receipts and disbursements - regulatory basis of the Sheriff of Madison County, Kentucky, and the statement of receipts, disbursements, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer - regulatory basis for the year ended December 31, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



The Honorable Reagan Taylor, Madison County Judge/Executive
The Honorable Mike Coyle, Madison County Sheriff
Members of the Madison County Fiscal Court

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the Sheriff on the basis of accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Sheriff, as of December 31, 2014, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the receipts and disbursements of the Sheriff and the receipts, disbursements, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 2014, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 28, 2015 on our consideration of the Madison County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Madison County Sheriff's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control over financial reporting and compliance.

The Honorable Reagan Taylor, Madison County Judge/Executive
The Honorable Mike Coyle, Madison County Sheriff
Members of the Madison County Fiscal Court

Other Reporting Required by Government Auditing Standards (Continued)

Based on the results of our audit, we have presented the accompanying comment and recommendation, included herein, which discusses the following report comment:

2014-001 The Sheriff's 75% Fund Had A Deficit Balance Of \$802,117 At The End Of The Sheriff's Term

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Adam H. Edelen', with a stylized flourish at the end.

Adam H. Edelen
Auditor of Public Accounts

August 28, 2015

MADISON COUNTY
MIKE COYLE, SHERIFF
STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS

For The Year Ended December 31, 2014

Receipts

Federal Highway Safety Grant		\$	36,298	
State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)			90,273	
State Fees for Services:				
Finance and Administration Cabinet	\$	31,390		
House Bill 452		56,090		
Sheriff Security Service		175,689		
Cabinet For Health And Family Services		9,734		
Prisoner Transport		<u>15,972</u>	288,875	
Circuit Court Clerk:				
Fines/Fees Collected			13,441	
Fiscal Court			739,203	
County Clerk - Delinquent Taxes			161,383	
Commission on Taxes			1,296,544	
Fees Collected for Services:				
Auto Inspections		36,165		
Accident /Police Reports		2,451		
Serving Papers		91,575		
Carry Concealed Deadly Weapon Permits		<u>34,498</u>	164,689	
Other:				
Fingerprints		975		
Fiscal Court Ordinance Fees		19,550		
Add-On Fees		95,698		
Miscellaneous		<u>6,764</u>	<u>122,987</u>	
Total Receipts			2,913,693	

The accompanying notes are an integral part of the financial statements.

MADISON COUNTY
MIKE COYLE, SHERIFF
STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS
For The Year Ended December 31, 2014
(Continued)

Disbursements

Payments to County:

Fiscal Court Ordinances	\$ 19,550	
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Total Disbursements		\$ 19,550
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Net Receipts		2,894,143
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Payments to State Treasurer:

75% Operating Fund *	2,466,711	
25% County Fund	427,432	2,894,143

Balance Due at Completion of Audit		\$ 0
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* Includes reimbursed expenses in the amount of \$1,184,417 for the audit period.
See Note 1 of Notes to Financial Statements.

MADISON COUNTY
 MIKE COYLE, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 FUND BALANCES OF THE SHERIFF'S OPERATING FUND
AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS

For The Year Ended December 31, 2014

	75% Operating Fund	25% County Fund	Totals
Fund Balance (Restated) - January 01, 2014	\$ (837,366)	\$ 278,357	\$ (559,009)
<u>Receipts</u>			
Fees Paid to State - Operating Funds (75%)	2,466,711		2,466,711
Fees Paid to State - County Funds (25%)		427,432	427,432
Total Funds Available	1,629,345	705,789	2,335,134
<u>Disbursements</u>			
Madison County Fiscal Court		705,789	705,789
Personal Services-			
Official's Statutory Maximum	97,775		97,775
Official's Training Incentive	1,955		1,955
Deputies' Salaries	781,302		781,302
Part Time Salaries	133,484		133,484
Overtime Gross	18,379		18,379
Other Payroll	278,021		278,021
KLEFPF	63,097		63,097
Employee Benefits-			
Employer's Share Social Security	97,364		97,364
Employer's Share Retirement	393,927		393,927
Employer's Share Health Insurance	133,809		133,809
Workers' Compensation	5,355		5,355
Unemployment Insurance	27,186		27,186
Contracted Services-			
Advertising	736		736
Maintenance Agreements	30,000		30,000
Technical Programming Support	1,500		1,500
Prisoner Transports	6,752		6,752

The accompanying notes are an integral part of the financial statements.

MADISON COUNTY
MIKE COYLE, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
FUND BALANCES OF THE SHERIFF'S OPERATING FUND
AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS
For The Year Ended December 31, 2014
(Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Disbursements (Continued)</u>			
Supplies and Materials-			
Office Supplies	\$ 21,776	\$	\$ 21,776
Uniforms/Equipment	12,000		12,000
Other Charges-			
Conventions	2,107		2,107
Dues	2,256		2,256
Equipment and Training	12,000		12,000
Records System	1,720		1,720
Postage	696		696
Supplies	16,180		16,180
Telephone/Fax/Cellular	25,274		25,274
Police Dog	6,950		6,950
Transport	1,520		1,520
Subscriptions	5,424		5,424
Jury Expense	1,405		1,405
Auto Expenses-			
Gasoline	128,385		128,385
Maintenance and Repairs	10,570		10,570
Capital Outlay-			
Vehicles	112,557		112,557
Total Disbursements	2,431,462	705,789	3,137,251
Fund Balance - December 31, 2014	\$ (802,117)	\$ 0	\$ (802,117)

The accompanying notes are an integral part of the financial statements.

MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount due from the Sheriff as determined by the audit.

KRS 64.350 establishes that a fee official in counties with a population over 70,000 has two funds with the State Treasurer for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and paid to the fiscal courts, urban-county governments, or consolidated local governments of the respective counties quarterly no later than April 15, July 15, October 15, and January 15. These funds are closed at the end of each official term by paying the balances to the respective county government.

The financial statements have been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting receipts and disbursements are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31:

- Interest receivable
- Collection on accounts due from others for 2014 services
- Reimbursements for 2014 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2014
- Payroll disbursements incurred but not paid

The Attorney General issued a letter which stated that some receipts of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are treated as revenue in the 75 percent fund.

MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Cash and Investments

KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county official and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 18.89 percent for the first six months and 17.67 percent for the last six months.

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 9 percent of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 35.70 percent for the first six months and 34.31 percent for the last six months.

The Sheriff's contribution for calendar year 2012 was \$396,857, calendar year 2013 was \$413,593, and calendar year 2014 was \$393,927.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014
(Continued)

Note 2. Employee Retirement System (Continued)

CERS also provides post retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

Hazardous employees whose participation began on or after July 1, 2003, earn fifteen dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, such employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Madison County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014
(Continued)

Note 3. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Madison County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2014, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Forfeited Funds

The Madison County Sheriff maintains a Forfeited Funds Account. These funds were used in law enforcement activities against drugs and are not considered in determining excess fees. As of January 1, 2014, the Sheriff had a balance of \$13,446. During the year, the Sheriff received \$65,679 and disbursed \$58,199, leaving a balance of \$20,926 as of December 31, 2014.

Note 5. Donations Account

The Madison County Sheriff maintains a Donations Account. The purpose of these funds is to further the public purpose of the office and not to supplement the Sheriff's normal operating budget; therefore they are not considered in determining excess fees. As of January 1, 2014, the Sheriff had a balance of \$1,202. During the year, the Sheriff received \$2,230 and disbursed \$1,217, leaving a balance of \$2,215 as of December 31, 2014.

Note 6. Federal Grants

- A. Highway Safety Grant: The Sheriff received a Highway Safety Grant through the Department of Transportation in the amount of \$36,298. Funds totaling \$36,298 were expended during the period.
- B. Justice Assistance Grant (JAG): On July 22, 2014, the Madison County Sheriff's Office, along with the City of Richmond, was awarded a grant in the amount of \$16,769 to be split equally (\$8,384). These funds will be used for law enforcement activities. No funds were received or expended as of December 31, 2014.

Note 7. Restatement of Beginning Balance

The beginning balance of the Sheriff's 25% account has been restated by \$6,447 to reflect the correction of errors, omissions, and misstatements.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Reagan Taylor, Madison County Judge/Executive
The Honorable Mike Coyle, Madison County Sheriff
Members of the Madison County Fiscal Court

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards**

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements - regulatory basis of the Madison for the year ended December 31, 2014, and the related notes to the financial statements and have issued our report thereon dated August 28, 2015. The County Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Madison County Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Madison County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Madison County Sheriff's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Madison County Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying comment and recommendation as item 2014-001.

County Sheriff's Response to Finding

The Madison County Sheriff's response to the finding identified in our audit is included in the accompanying comment and recommendation. The Madison County Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Adam H. Edelen
Auditor of Public Accounts

August 28, 2015

COMMENT AND RECOMMENDATION

MADISON COUNTY
MIKE COYLE, SHERIFF
COMMENT AND RECOMMENDATION

For The Year Ended December 31, 2014

STATE LAWS AND REGULATIONS:

2014-001 The Sheriff's 75% Fund Had A Deficit Balance Of \$802,117 At The End Of The Sheriff's Term

The Sheriff's 75% operating fund had a deficit balance of \$802,117 as of December 31, 2014. KRS 64.345(4) states, "If seventy-five percent (75%) of the amount paid into the State Treasury in any month by any of such officers is not sufficient to pay the salaries and expenses of his/her office for that month, the deficit may be made up out the amount paid in any succeeding month; but in no event shall the amount allowed by the Finance and Administration Cabinet to any officer for salaries and expenses exceed seventy-five percent (75%) of the amount paid to Finance and Administration by the officer during his/her term." Salaries and expenses of the Sheriff's office for the term exceeded the 75% allowed by the Finance and Administration Cabinet, resulting in this deficit. The 75% operating fund had to be settled at the end of the Sheriff's term which ended December 31, 2014. The Fiscal Court presented a check to the Kentucky State Treasurer on March 10, 2015 for the deficit balance. We recommend the Sheriff's office monitor the 75% operating fund and work with the Fiscal Court to ensure the fund balance is settled by the end of each term.

Sheriff's Response: The deficit balance of \$802,117 as of December 31, 2014 did not reflect the \$777,431.55 due to the Sheriff's Office from the Madison County Fiscal Court. The Fiscal Court was unable to cut the check due to the fact that the state had not yet reimbursed the county the 25% since that does not occur until the end of the financial quarter (which does not close until December 31, 2014). For this reason, it is not possible for the Sheriff's Office to reflect the deposit of the 25% until after the auditing period.

